## **CONTENTS**

## Preface

Chapter 1:	Set	1
1.1	Sample sets	1
1.2	Operations with sets	3
1.3	Various relations	6
1.4	Indicator	. 12
	Exercises	16
Chapter 2:	Probability	18
2.1	Examples of probability	18
2.2	Definition and illustrations	21
2.3	Deductions from the axioms	28
2.4	Independent events	31
2.5	-	36
	Exercises	39
Chapter 3:	Counting	43
3.1	Fundamental rule	43
. 3.2	Diverse ways of sampling	46
3.3	Allocation models; binomial coefficients	52
3.4	How to solve it	59
	Exercises	66
Chapter 4:	Random Variables	71
4.1	What is a random variable?	71
4.2	How do random variables come about?	75
4.3	Distribution and expectation	80
4.4	Integer-valued random variables	86
4.5	Random variables with densities	90
4.6	General case	100
	Exercises	104
Appendix 1	: Borel Fields and General Random Variables	109
Chapter 5:	Conditioning and Independence	111
5.1	Examples of conditioning	111
	Basic formulas	116

xvi		Contents
5 3	Sequential sampling	125
5.4	Pólya's urn scheme	129
	Independence and relevance	134
·5.6	<del>-</del>	144
	Exercises	150
Chapter 6:	Mean, Variance and Transforms	. 156
6.1	Basic properties of expectation	156
6.2	The density case	160
6.3	Multiplication theorem; variance and covariance	164
	Multinomial distribution	171
6.5	Generating function and the like	177
	Exercises	185
Chapter 7:	Poisson and Normal Distributions	192
7.1	Models for Poisson distribution	192
7.2	Poisson process	199
7.3	From binomial to normal	210
7.4	Normal distribution	217
7.5	Central limit theorem	220
7.6	Law of large numbers	227
	Exercises	233
Appendix 2	: Stirling's Formula and DeMoivre-Laplace's Theore	m 237
Chapter 8:	From Random Walks to Markov Chains	240
8.1	Problems of the wanderer or gambler	240
	Limiting schemes	246
8.3	Transition probabilities	252
8.4	Basic structure of Markov chains	260
8.5	Further developments	267
8.6	Steady state	274
8.7	Winding up (or down?)	286
	Exercises	296
Appendix 3	: Martingale	305
General Ref	ferences	307
Answers to	Problems	309

Index

323